Which Court is Competent for Prospectus Liability Cases? The CJEU Rules in Kolassa (Case C-375/13)

by *Matthias Lehmann*, University of Bonn

On 28 January 2015, the CJEU has decided for the first time on the question of jurisdiction over alleged liability for a wrong prospectus. The Kolassa judgment is of paramount importance for the future handling of investor claims. In a nutshell, the CJEU holds that the court at the place where the investor is domiciled and has its damaged bank account is competent to decide on the claim under Art 5(3) Brussels I Regulation (now Art 7(2) Brussels Ia Regulation).

The Facts (as Easy as Possible)

The case concerned an Austrian investor who had bought a certificate from an investment firm in Austria. The certificate had been issued by Barclays UK, which had also distributed an accompanying prospectus, inter alia in Austria. After the value of the certificate had been wiped out completely, the investor brought a claim against Barclays before an Austrian court, alleging that Barclays' prospectus would not have given correct information regarding the way in which the money was to be invested. The Austrian court questioned whether it had jurisdiction to hear the case and submitted a reference for a preliminary ruling.

The Decision (in a Bit more Detail)

The CJEU first rejects to consider prospectus liability as a matter relating to a consumer contract under Art 15 Brussels I Regulation (now Art 17 Brussels Ia Regulation). The Court also rules out a characterization as a contract matter under Art 5(1) Brussels I Regulation (now Art 7(1) Brussels Ia Regulation). This is understandable as the issuer arguably has not freely assumed an obligation towards the investors, at least not with regard to the accurateness of the content of the prospectus. It is astounding, however, that the CJEU refuses a final qualification and asks the Member State tribunal to verify whether there is a contractual obligation or not. The judgment does not provide any guidance on the criteria the national tribunal should use in making such a determination. This is rather unfortunate, given that the term 'contract' must be given an EU autonomous meaning.

In principle, the Court accepts the proposition that prospectus liability is a matter relating to a tort, delict or quasi-delict in the sense of Art 5(3) Brussels I Regulation (now Art 7(2) Brussels Ia Regulation). Using its twin approach to localise the harmful event (see *Mines de potasse*, Case 21/76, aka as "*Bier*"), the Court considers the place of the event giving rise to the damage and the place where the damage occurred.

With regard to the event giving rise to the damage occurred, the CJEU denies that it took place in Austria because all relevant decisions as to the arrangement of the investments and the content of the prospectus had been taken by Barclays in the UK. The Court also highlights that the prospectus had originally been drafted and distributed there. It follows by implication that the place of the causal event is at the seat of Barclays unless the prospectus has originally been drafted and distributed elsewhere.

The most important and interesting part of the judgment concerns the localisation of damage. The CJEU first reminds of its judgment in Kronhofer (C-168/02), where it had ruled out the domicile of the investor *as such* as the place of financial damage. It goes on to say, however, that the courts in the country of the investor's domicile have jurisdiction 'in particular when the loss occurred itself directly in the applicant's bank account held with a bank established in the area of jurisdiction of those courts' (margin no 55).

This reference to the place of the establishment of the bank that manages the damaged account is remarkable. It coincides with what has been said earlier about the location of economic loss (see Lehmann, (2011) 7 Journal of Private International Law 527). One may wonder, though, why the CJEU also refers to the domicile of the investor. Does the Court want to suggest that it plays a role in determining the place of damage? This would be rather surprising. Perhaps the explanation lies in the way the submitting tribunal had framed the preliminary question, which focused entirely on the question whether the investor's domicile can be a basis of jurisdiction. The best way to read the Court's answer is probably that the damage arises at the domicile *only* under the condition that the investor's bank account is located there. Regrettably, the judgment still leaves room for speculation which court would be competent if the bank account from which the investor paid for the securities were located outside his domicile.

Particularly noteworthy are the criteria that the judgment does not mention. The Advocate General had suggested to consider the place of publication of the prospectus as an 'indicator' for where the harmful event occurred (see Conclusions by GA Szpunar of 3 September 2014, para 64 et seq). Similarly, many authors have proposed to look at the market on which the securities have been offered. The CJEU does not even discuss these views. One must understand its silence as rejection.

Furthermore, the judgment may have far reaching implications for conflict of

laws. As is well known, Art 4(1) Rome II Regulation uses the same criterion of the 'place where the damage occurred' that is the second prong of the tort jurisdiction under Art 5(3) Brussels I Regulation (now Art 7(2) Brussels Ia Regulation) in order to determine the applicable tort law. If parallel interpretation still is a goal and Recital 7 of the Rome II Regulation should not be devoid of all meaning, then it seems that the Kolassa ruling must be followed in the area of conflict of laws as well. Yet this would cause a complete dispersal of the law applicable to prospectus liability. An issuer would potentially be liable under the laws of all countries of the world in which investors are domiciled and have bank accounts. Whether and to what extent this result can be avoided by using the escape clause in Art 4(3) Rome II Regulation is doubtful. The better way seems to introduce a special conflicts rule for financial torts (on this issue, see Lehmann, *Revue critique de droit international privé* 2011, 485).

For Those Not Interested in Financial Law

The Court also rules on a point that is of general interest outside the special area of prospectus liability: To which extent does a court have to take evidence in order to determine its jurisdiction? The answer given by the CJEU is somewhat sibylline. On the one hand, it rules that the tribunal seised does not have to enter into a comprehensive taking of evidence at this early stage of the procedure and may 'regard as established … the applicant's assertions' (paras 62 and 63). At the same time, it requires the national tribunal to examine its international jurisdiction 'in the light of all the information available to it, including, where appropriate, the defendant's allegations' (para 64). Can somebody make sense of this, please?

Regulation (EU) nº 606/2013 Applicable (from 11 January 2015)

Regulation (EU) nº 606/2013 of the European Parliament and of the Council, of 12 June 2013, on mutual recognition of protective measures in civil matters, is applicable from yesterday on protection measures ordered on or after that date, irrespective of when proceedings have been instituted.

To the best of my knowledge, in spite of the technical specialties of the

Regulation and of the fact that works on the same topic have also been undertaken at The Hague Conference, this instrument has attracted very little attention so far. In the next future two papers on it will be published, both from the MPI Luxembourg.

Click here to access the text of the Regulation; here, for the Commission Implementing Regulation (EU) No 939/2014 of 2 September 2014 establishing the certificates referred to in Articles 5 and 14 of Regulation (EU) No 606/2013 of the European Parliament and of the Council on mutual recognition of protection measures in civil matters.

Update: I'd like to thank Prof. Dutta for his nice email this morning attaching an article of his on the Regulation, the Directive (2011/99/EU) and the German implementing legislation, published January 2015 in FamRZ, 85 ff.

Regulation (EU) No 1329/2014 – Forms in Matters of Successions

The Commission Implementing Regulation (EU) No 1329/2014 of 9 December 2014 establishing the Forms referred to in Regulation (EU) No 650/2012 of the European Parliament and of the Council on jurisdiction, applicable law, recognition and enforcement of decisions and acceptance and enforcement of authentic instruments in matters of succession and on the creation of a European Certificate of Succession has been published today.

Click here to access OJ L 359.

Mennesson v. France, ECtHR 26.06.2014

I happened to be in France when I heard the news about the ECtHR finding against France in *Menesson v. France*, on surrogate motherhood. The Court

considered established a violation of Art. 8.1 ECHR as regards the twin daughters of the couple. Here is a resumée of the case (together with a similar one, *Labassee v. France*) as presented in the Press release issued by the Registrar of the Court. The judgment itself can be found here, but only in French.

The applicants in the first case are Dominique Mennesson and Sylvie Mennesson, a husband and wife, French nationals who were born in 1955 and 1965 respectively, and Valentina Mennesson and Fiorella Mennesson, American nationals, who were born in 2000. They live in Maisons-Alfort (France). The applicants in the second case are Francis Labassee and Monique Labassee, a husband and wife, French nationals who were born in 1950 and 1951 respectively, and Juliette Labassee, an American national who was born in 2001. They live in Toulouse. The French authorities have refused to recognise the family relationship, legally established in the United States, between, on the one hand, the children Valentina Mennesson and Fiorella Mennesson, and Juliette Labassee, children who were born following surrogate pregnancy agreements, and on the other, the intended parents, the Mennesson and Labassee spouses respectively.

Mr and Mrs Mennesson had recourse to surrogate pregnancy in the United States, in which embryos created from Mr Mennesson's sperm and donated ova were implanted in the uterus of a third woman. Mr and Mrs Labassee also used this procedure. Judgments delivered respectively in California, in the first case, and Minnesota in the second, indicate that Mr and Mrs Mennesson are the parents of Valentina and Fiorella, and that Mr and Mrs Labassee are the parents of Juliette. In France, the applicants requested that the American birth certificates be entered in the French civil status registers; Mr and Mrs Labassee further applied for a notarial deed to be entered as a marginal note. They were dismissed at final instance by the Court of Cassation on 6 April 2011 on the ground that such entries or marginal notes would give effect to an agreement on surrogate pregnancy, null and void on public-policy grounds under the French Civil Code.

The seven applicants, relying on Article 8 (right to respect for private and family life), complain about the fact that, to the detriment of the best interests of the child, they had been unable to obtain recognition in France of a family relationship legally established abroad. The applicants in the Mennesson case, relying on Article 14 (prohibition of discrimination) taken together with Article 8, allege that, on account of this refusal by the French authorities, they experience a discriminatory legal situation compared to other children in exercising their right to respect for their family lives. Further relying on Article 12 (right to marriage), they allege a violation of their right to found a family and, under Article 6 (right to a fair hearing), complain about the proceedings at the close of which the French courts refused to recognise the effects of the "American" judgment.

First Issue of 2014's Rivista di diritto internazionale privato e processuale

(I am grateful to Prof. Francesca Villata – University of Milan – for the following presentation of the latest issue of the RDIPP)

The first issue of 2014 of the Rivista di diritto internazionale privato e processuale (RDIPP, published by CEDAM) was just released. It features three articles, one comment and two reports.

Alberto Malatesta, Professor at the University Cattaneo-LIUC in Castellanza, examines the interface between the new Brussels I Regulation and arbitration in **"Il nuovo regolamento Bruxelles I-bis e l'arbitrato: verso un ampliamento dell'*arbitration exclusion*"** (The New Brussels I-bis Regulation and Arbitration: Towards an Extension of the Arbitration Exclusion; in Italian).

> *This article covers the "arbitration exclusion" as set out in the new EU Regulation No 1215/2012 of 12 December 2012 on jurisdiction and recognition and enforcement of judgments in civil and commercial matters, recasting the old "Brussels I" Regulation, No 44/2001. The new Regulation apparently retains the same solutions adopted by the latter by providing only for some clarifications in lengthy Recital No 12. However, a careful analysis shows that under the new framework the above "exclusion" is more far reaching than in the past and it impinges on some controversial and much debated issues. After reviewing the current background and the 2010 Proposal of the European Commission on this issue – rejected by the Parliament and by the Council –, this article focuses mainly on the following aspects: i) the actions or the ancillary proceedings relating to arbitration; ii) parallel proceedings before State courts and arbitration and the overcoming of the West Tankers judgment stemming from Recital No 12; iii) the circulation of the Member State courts' decisions ruling whether or not an arbitration agreement is "null and void, inoperative or incapable of being performed"; iv) the recognition and enforcement of a Member State judgment on the merits resulting from the determination that the arbitration agreement is not effective; v) the potential conflicts between State judgments and arbitral awards.*

Pietro Franzina, Associate Professor at the University of Ferrara, addresses the issue of lis pendens involving a non-EU Member State in **"Lis Pendens Involving a Third Country under the Brussels I-bis Regulation: An Overview"** (in English).

> *The paper provides an account of the provisions laid down in Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (Brussels I-bis) to deal with proceedings concurrently pending in a Member State and in a third country (Articles 33 and 34). It begins by discussing the reasons for addressing the issue of extra-European lis pendens and related actions within the law of the European Union. Reference is made, in this connection, to the relevance accorded to third countries' proceedings and the judgments emanating therefrom under the Brussels Convention of 1968 and Regulation (EC) No 44/2001, as evidenced inter alia by the rule providing for the non-recognition of decisions rendered in a Member State if irreconcilable with a prior decision coming from a third country but recognized in the Member State addressed. The paper goes on to analyse the operation of the newly enacted provisions on extra-European lis pendens and related actions, in particular as regards the conditions on which proceedings in a Member State may be stayed; the conditions on which a Member State court should, or could, dismiss the claim before it, once a decision on the merits has been rendered in the third country; the relationship between the rules on extra-European and intra-European lis pendens and related actions in cases where several proceedings on the same cause of actions and between the same parties, or on related actions, have been instituted in two or more Member States and in a third country.*

Chiara E. Tuo, Researcher at the University of Genoa, examines the recognition of foreign adoptions in the framework of cultural diversities in **"Riconoscimento degli effetti delle adozioni straniere e rispetto delle diversità culturali"** (Recognition of the Effects of Foreign Adoptions and Respect for Cultural Diversity; in Italian).

> *This paper focuses on the protection of cultural identities (or of cultural pluralism) in the context of proceedings for the recognition of the effects of adoptive relationships established abroad. The subject is dealt with in light of the case-law of the European Court of Human Rights (ECtHR) as it has recently developed with regard to Art. 8 of the Convention for the Protection of Human Rights and Fundamental Freedoms, which, as it is well known, enshrines the right to family life. According to the ECtHR's case-law, a violation of Art. 8 of the Convention may be ascertained when personal status legally and stably constituted abroad are denied transnational continuity. Thus, on the basis of said ECtHR jurisprudence, this paper raises some questions (and tries to provide for the related*

answers) with regard to the consistency therewith of the conditions that familial relationships created abroad must satisfy when their recognition is sought pursuant to the relevant provisions currently applicable within the Italian legal system.

In addition to the foregoing, the following comment is featured:

Sara Tonolo, Associate Professor at the University of Trieste, **"La trascrizione degli atti di nascita derivanti da maternità surrogata: ordine pubblico e interesse del minore"** (The Registration of Birth Certificates Resulting from Surrogacy: Public Policy and Best Interests of the Child; in Italian).

Nowadays surrogacy is a widespread practice for childless parents. Surrogacy laws vary widely from State to State. Some States require genetic parents to obtain a judicial order to have their names on the original birth certificate, without the name of the surrogate mother. Other States (e.g. Ukraine) allow putting the name of the intended parents on the birth certificate. In Italy all forms of surrogacy are forbidden, whether traditional or gestational, commercial or altruistic. Act No 40 of19 February 2004, entitled "Rules on medically-assisted reproduction", introduces a prohibition against employing gametes from donors, and specifically incriminates not only intermediary agencies and clinics practicing surrogacy, but also the intended parents and the surrogate mother. Other penal consequences are provided by the Criminal Code for the registration of a birth certificate where parents are the intended ones, as provided by the lex loci actus (Art. 567 of the Italian Criminal Code, concerning the false representation or concealment of status). In the cases decided by the Italian Criminal Courts of First Instance (Milan and Trieste), the judges excluded the criminal responsibility of the intended parents applying for the registration of foreign birth certificates which were not exactly genuine (due to the absence of genetic ties for the intended mothers), affirming in some way that subverting the effectiveness of the Italian prohibition of surrogacy may be justified by the best interests of the child. Apart from the mentioned criminal problems, several aspects of private international law are involved in the legal reasoning of the courts in these cases: among these, probably, the one that the principle of the child's best interests should have been read not like an exception to the public policy clause but like a basic value of this clause, in light, among others, of the case law of the European Court of Human Rights.

Finally, this issue of the Rivista di diritto internazionale privato e processuale features two reports on recent German case-law on private international and procedural issues, and namely:

Georgia Koutsoukou, Research Fellow at the Max Planck Institute

Luxembourg, **"Report on Recent German Case-Law Relating to Private International Law in Civil and Commercial Matters"** (in English).

Stefanie Spancken, PhD Candidate at the University of Heidelberg, **"Report on Recent German Case-Law Relating to Private International Law in Family Law Matters"** (in English).

Indexes and archives of RDIPP since its establishment (1965) are available on the website of the Rivista di diritto internazionale privato e processuale. This issue is available for download on the publisher's website.

Slovenian Supreme Court Rules on Service under Hague Convention

By Jorg Sladic, attorney-at-law and associate professor in Ljubljana.

Summary

In a recent decision (judgement of 19 November 2013 in case III Ips 86/2011) published in March 2014 the Supreme Court of the Republic of Slovenia had to give a ruling in judicial review limited to the points of law of appellate decisions (basically identical to the German *die Revision* and similar to French *la cassation*) on a question of service of documents instituting proceedings (application for payment as debtor's performance of an international sales contract) in Slovenia effected in Belarus on Belarussian defendants according to the Rules of the 1965 Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters. The specifics of the Slovenian case are the link between the service of the application instituting proceedings (writ) and the summons to lodge a reply issued by the Slovenian court abroad and a default judgement (without application of Art. 15(2) of the 1965 Hague convention). However, the two issues that will be of importance for international legal community are (i.) the interpretation of the 1965 Hague Convention on service and (ii.) the interpretation of a contractual clause on prorogation of jurisdiction allegedly foreseeing the application of a foreign *lex fori*. The decision can be found on: http://sodnapraksa.si/

Facts

A Slovenian and a Belarussian company had concluded a sales contract on 30 August 2002. The contract contained also the following clause “all disputes by the parties shall be adjudicated before the courts in Ljubljana (*sc.: the capital of Slovenia*) according to the rules of the State of the defendant”. The Slovenian seller had supplied the goods, the Belarussian buyer failed to pay for the goods. The Slovenian seller lodged an application for payment as a way of specific performance of buyer’s obligations before the competent court in Ljubljana. The application had been served in Belarus on the Belarussian defendant in application of the Hague Convention of 1965 by the Belarussian central authority upon the request of the Slovenian court. The defendant did not lodge a reply, the consequence being a default judgement issued by the Slovenian court of first instance. The default judgement was then contested by an appeal. After the dismissal of the appeal by an appellate court an application for judicial review limited to the points of law was lodged by the defendant.

Decision

The Slovenian Supreme court first examined the requirement of duly correct service as a precondition for issuing a default judgement (par. 7 of the judgement) and concluded that Slovenia and Belarus are both contracting parties to the 1965 Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters, therefore no procedural requirement had been infringed by ordering a service on a foreign defendant according to the cited convention. Referring to the Art. 6 of the 1965 Hague Convention the Supremem Court found that Belarussian judicial authorities did not complete the certificate on service according to the said convention (par. 12). However, considering that Slovenian courts did not issue a special request for service. As the 1965 Hague Convention under Art. 5(1) only provides for two ways of service; namely by methods prescribed by the requested state’s internal law for service of documents in domestic actions upon persons who are within its territory (sub-paragraph a), and by a particular method requested by the requesting state (the applicant), unless such a method is incompatible with the law of the state addressed. The interpretation of that provision given by Slovenian Supreme Court is that unless a special method is required by the requesting court (the applicant) then the service abroad is to be performed according to the *lex fori* of the requested or addressed state. If service is performed on a foreign entity according to the *lex fori* of the foreign addressed state, a failure to complete the certificate (on the reverse of the request) has no influence on the whole process of service (par. 13). Perhaps a slightly different approach by the CJEU should be mentioned. Indeed, the CJEU seems to consider that the question whether an application or a document instituting proceedings was duly served on a defendant in default of appearance must be determined in the light of the provisions of the 1965 Hague Convention (CJEU, C-292/10 *de Visser*, par. 54, C-522/03 *Scania Finance France,* par. 30).

The second issue, i.e. an alleged reference to the foreign *lex fori* in the contractual clause on prorogation of jurisdiction has been dealt quite fast. The rules of procedure are always of mandatory nature and belong to the legal order of the court competent for hearing the case and cannot be chosen by the parties. However, even if the parties had agreed on the application of the Belarus procedural law, this would only imply only a partial voidness of the clause on the choice of law and would not have any influence on the choice of substantive law.

French Supreme Court Denies Effect to Foreign Surrogacies On the Ground of Fraude a la Loi

On 19 March 2014, the French Supreme Court for civil and criminal matters *(Cour de cassation*) ruled that an Indian surrogacy would be denied effect in France on the ground that it aimed at strategically avoiding the application of French law (*fraude à la loi*), which forbids surrogacy.

A French male had entered into a surrogacy agreement with an Indian woman in Mumbai. After a child was born, the man attempted to register the child as his (and hers) on French status registries. A French prosecutor challenged the registration. A court of appeal rejected the challenge on the grounds that it was not alleged that the applicant was not the father, and that the birth certificate was legal.

The *Cour de cassation* allowed the appeal of the French prosecution service and ruled that the behaviour of the French national and resident aimed at avoiding the application of French law. The Court held:

> *Attendu qu'en l'état du droit positif, est justifié le refus de transcription d'un acte de naissance fait en pays étranger et rédigé dans les formes usitées dans ce pays lorsque la naissance est l'aboutissement, en fraude à la loi française, d'un processus d'ensemble comportant une convention de gestation pour le compte d'autrui, convention qui, fût-elle licite à l'étranger, est nulle d'une nullité d'ordre public selon les termes des deux premiers textes susvisés*

In 2011, the *Cour de cassation* had denied effect to foreign surrogacies on

the ground that they violated public policy. Since September 2013, the Court has founded its rulings on the strategic behaviour doctrine.

ERA Conference on Cross Border Succession

The Academy of European Law (ERA) will host a conference on Planning Cross-Border Succession in Trier, Germany, on March 20 and 21, 2014.

Thursday, 20 March 2014
I. THE SUCCESSION REGULATION
Chair: Christian Hertel

09:15 Scope of application and international conventions that take precedence over the Regulation (Guillermo Palao Moreno)
09:45 Discussion
10:00 Which court is competent to decide cross-border succession cases? Which law is to be applied? (Jonathan Harris)
10:45 – 11:00 Discussion

Chair: Jonathan Harris

11:30 Effects of foreign decisions and authentic instruments in matters of succession

12:00 European Certificate of Succession: conditions for issue of certificate and effects (Christian Hertel)
12:30 – 12:45 Discussion

II. CROSS-BORDER INHERITANCE TAX ISSUES
Chair: Patrick Delas

14:00 Inheritance taxation in the context of EU law (Nathalie Weber-Frisch)

- National inheritance laws in comparative perspective
- CJEU case law on the impact of free movement on inheritance

14:45 Discussion
15:00 Possible measures to avoid double taxation in cross-border successions (Niamh Carmody)
15:30 Discussion

15:45 WORKSHOP (with tea & coffee)
Drafting testamentary dispositions in the light of the Succession Regulation and diverging tax regimes (Patrick Delas & Richard Frimston)
16:45 – 17:30 Results of the workshop and discussion

Friday, 21 March 2014
III. INTERPLAY WITH OTHER AREAS OF LAW
Chair: Richard Frimston

09:15 The impact of matrimonial property on succession law (Patrick Wautelet)
09:45 Discussion

10:00 Company law, trusts and succession disputes (Paul Matthews)
10:30 – 10:45 Discussion

11:15 Proof of succession in land registration proceedings (Kurt Lechner)
11:45 Discussion

Chair: Kurt Lechner
12:00 Inheritance of (holiday) houses and bank accounts abroad: national reports

- Markus Artz
- Guillermo Palao Moreno
- Paul Matthews
- Patrick Wautelet

13:15 Lunch and end of the conference

The ECJ and ECHR Judgments on Povse and Human Rights – a Legislative Perspective

by Dorothea van Iterson

Dorothea van Iterson is a former Counsellor of legislation, ministry of Justice of the Netherlands[1]

In the contributions published last month on this topic, the blame for what is

felt to be the unsatisfactory operation of article 11 Brussels II bis is put on the parties who negotiated the relevant provisions of the Regulation. For those who are unfamiliar with the history of the Regulation and wish to participate in the debate about a possible recast of Brussels II bis, it may be helpful to recall how these provisions came into being[2].

The articles of Brussels II bis relating to the return of a child who has been wrongfully abducted reflect a political compromise which was reached with great difficulty after discussions of 2 ½ years in the Council working party dealing with the topic. This explains some of the ambiguities in the text. The main elements of the compromise were the following:

1) The 1980 Hague Child Abduction Convention, to which all Member States of the EU are parties, was preserved in relationships between Member States. Consequently, the courts of the Member State of the child's refuge continues to have jurisdiction in respect of requests for the return of an abducted child. The procedures under the 1980 Hague Convention seek to ensure a speedy voluntary return of the child. If a voluntary return cannot be secured, the courts of that State are required to hand down an order restoring the *status quo ante**[3]**.* There are very limited grounds for refusing the child's return. Return orders under the Convention are no judgments on the merits of custody. No decision on the merits may be taken by the courts of the child's State of refuge until it has been determined that the child is not to be returned under the Convention (article 16). As long as such determination has not been made, the courts of the child's habitual residence at the time of the removal are competent to deal with the merits of the custody issue. The conditions for the passage of jurisdiction as to the merits to the courts of the Member State of refuge are specified in article 10 of the Regulation.

2) Article 11, paras 2 to 5, Brussels II bis were agreed upon as a complement to the Hague system. They reflect policy guidelines developed over the years. These paragraphs were intended for the courts of the Member State of refuge of the child, not for the courts of the Member State of the child's habitual residence prior to the removal.

3) Article 11, paras 6 to 8, as included in the compromise, specifically address the situation in which the courts of the Member State of refuge have handed down a non-return order based on article 13 of the Convention. The three paragraphs were accepted as a package. Paragraph 7 cannot be isolated from paragraphs 6 and 8. The competent court in the Member State of the child's habitual residence prior to the removal has to be informed of any non-return order given in the Member State of refuge. This court can then examine the merits of custody. The Council compromise did not purport to provide for immediate "automatic" enforceability abroad of a *provisional* return order handed down by those courts. "Any subsequent judgment which requires the return of the child", as referred to in paragraph 8, was to be

understood as “any decision on the merits of custody which requires the return of the child”[4].“Custody” comprises the elements stated in article 2, point 11, sub b, which corresponds to article 5 of the Hague Convention. It includes, among other rights and duties, the right to determine the child’s residence.

4) Abolition of exequatur was accepted by way of an experiment for a very narrow category of judgments. According to the Council compromise, exequatur was to be abolished only for judgments *on the merits of custody* entailing the return of the child handed down following the procedural steps described in article 11, paras 6 and 7. It was considered that the issue of the child’s residence should be finally resolved as part (or as a sequel) of the other custody arrangements and that the judgment on custody should put an end to the proceedings between the parents on the child’s place of residence following the abduction. Successive provisional changes of residence were considered to be contrary to the child’s interests.

5) Abolishing exequatur in this context means that once a certificate has been issued in accordance with article 42 Brussels II bis, the judgment is enforceable by operation of law in another Member State. No recourse can be had in the Member State of refuge to the grounds of non-recognition (and enforceability) stated in article 23. The tests mentioned in article 23 are carried out by a judge of the court which has handed down the judgment and who is asked to issue the certificate (article 42, second paragraph). The issuance of a certificate is therefore unlikely to be refused. The Aguirre/Pelz ruling of the ECJ has shown that questions may then arise about the statements made in the certificate.

6) “Enforceability by operation of law” means that the judgment is eligible for enforcement as if it had been given in the Member State where enforcement is sought (article 47 Brussels II bis). The judgment is not enforced “automatically”, as the procedures for enforcement are governed by the law of the requested Member State. The enforcement laws of the EU Member States were left untouched by the Brussels II bis Regulation. Many of those laws make enforcement conditional on a court decision in the requested State. Enforcement may be stayed or stopped in exceptional cases where human rights are in issue. The radical interpretation given by the ECJ in the Povse and Aguirre/Pelz rulings leaves us with questions regarding the meaning of article 47 and the actual approach to be taken by enforcement bodies if they find that there is an immediate danger for the child. Is it realistic to require them to enforce “automatically” a provisional order which contradicts an order of the same type which has just been handed down by the courts of their own country?

7) The implication of the Council compromise was that a *provisional* return order handed down by the courts of the Member State of the child’s habitual residence prior to the removal should be enforceable in the Member

State of refuge *only* after the issuance of an exequatur in the latter State. The intention was that the checks provided for in article 23 should to be made in the exequatur proceedings.

8) The proceedings before the ECHR on Povse were about the judgment *on the merits of custody* which was finally handed down in Italy. See the ECHR judgment, point 69. The ECHR did not dwell on the provisional return order on which the ECJ answered a number of preliminary questions. Would the outcome of the ECHR proceedings have been the same if it had been asked to assess the provisional return order?

9) On the face of it, the ECJ's ruling that article 11, para 8, Brussels II bis applies to a provisional return order of the courts of the Member State of habitual residence prior to the removal, seeks to reinforce the return mechanism of the 1980 Hague Convention. In reality it brings the EU closer to an abandonment of the Hague system. This is a matter for regret. If, in the forthcoming revision of Brussels II bis, exequatur were abolished in all matters relating to parental responsibility, the left-behind parent would resort to the courts of his own country immediately rather than seeking to obtain a return order in the State of refuge. It may be questioned whether such an approach would be conducive to balanced solutions which would, in the end, be accepted by the parties involved in an abduction case[5].

[1] The views expressed in this post are personal views of the author.

[2] For a detailed account see Peter McEleavy, The New Child Abduction Regime in the European Union, Journal of Private International Law, 2005, Vol.1, No.1.

[3] See the Explanatory Report by E. Perez-Vera, para 106, which states: "..the compulsory return of the child depends in terms of the Convention on a decision having been taken by the competent authorities of the requested State".

[4] Cf. the ECJ's correct statement in the Povse judgment that a "judgment on custody that does not entail the return of the child" in article 10 is to be understood as a final decision.

[5] See, on another regrettable development, Mr J.H.A. van Loon and S. De Dijcker, LL.M., The role of the International Court of Justice in the Development of Private International Law, Mededelingen van de Koninklijke Nederlandse Vereniging voor Internationaal Recht, No. 140, 2013, p. 109-110.

Latest issue Nederlands Internationaal Privaatrecht (2013/3)

The third issue of 2013 of the Dutch journal on Private International Law, *Nederlands Internationaal Privaatrecht*, includes the usual overview of important Dutch and European case law, as well as three articles on the following topics: The functioning of the European Small Claims Procedure in the Netherlands; the EU Regulation on Succession and Wills; and Child Protection Measures against the background of Article 8 ECHR.

X.E. Kramer & E.A. Ontanu, The functioning of the European Small Claims Procedure in the Netherlands: normative and empirical reflections, p. 319-328. The abstract reads:

The European small claims procedure was the first uniform adversarial procedure in the EU, introduced to increase the efficiency and to reduce the costs of cross-border small claims litigation in the Member States. The European Commission regards this procedure as an important potential contribution to access to justice in order to resolve small claims disputes. However, there are clear signs that this procedure is seldom used and the Commission seeks to improve its attractiveness. This paper focuses on the implementation and application of this European procedure in the Netherlands. Normative and empirical research has been conducted to assess how this procedure is embedded in the Dutch legal order and how it actually functions in practice and is perceived by the judiciary. The question is whether, from the Dutch perspective, this procedure meets the objectives of providing a simple, fast and low-cost alternative to existing national procedures, while respecting the right to a fair trial. The paper concludes with several recommendations for improvement.

P. Lokin, De Erfrechtverordening, p. 329-337. The English abstract reads:

This article focuses on (EU) Regulation No. 650/2012 dealing with the jurisdiction, applicable law, recognition and enforcement of decisions and the acceptance and enforcement of authentic instruments in matters of succession and the creation of a European Certificate of Succession. Is this Regulation, which shall be applicable to the succession of persons dying on

or after 17 August 2015, a step forward for the Netherlands? In light of its application in the near future, the article gives a first introduction into the new rules and concentrates on some aspects of the Regulation which require more attention, such as the determination of one's last habitual residence and the transitional provisions when the deceased has made a choice for the applicable law prior to 17 August 2015.

R. Blauwhoff, Kinderbeschermingsmaatregelen in de Nederlandse IPR-rechtspraak in het licht van artikel 8 EVRM, p. 338-345. The English abstract reads:

Both private international law and human rights instruments may affect parental and children's rights in cross-border situations, yet reference to both types of instrument is seldom made in Dutch legal decisions regarding parental responsibilities. Accordingly, the aim of this article is foremost to explore the relationship between both types of instruments in cases other than child abduction cases on the basis of an analysis of (Dutch) case-law, since the entry into force of the 1996 Convention on the International Protection of Children (1st of May 2011) and under reference to developments in case-law of the European Court of Human Rights (ECtHR) with regard to Article 8 ECHR. It is ventured that courts should have greater regard for the human rights dimension underpinning private international law decisions, especially in cases where tension arises between the law of the state of the child's present and former habitual residence. At the same time, the classic focus of the ECtHR on the accountability of national states sometimes falls short of taking into account the progress made in the field of cross-border co-operation in the ambit of the 1996 Hague Convention, especially in the area of cross-border contact arrangements.